

Message Text

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ACTION OPIC-06

INFO OCT-01 EA-12 ISO-00 L-03 AID-05 CIAE-00 COME-00
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TO SECSTATE WASHDC 6424

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E.O. 11652: N/A
TAGS: EFIN, RP
SUBJECT: REQUEST FOR POLITICAL RISK INSURANCE

REF: OPIC MEMO DTD MARCH 14, 1978

1. FOLLOWING IS TEXT OF APRIL 12 LETTER FROM GERARDO P. SICAT, DIRECTOR-GENERAL, NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA): BEGIN QUOTE:

- THIS HAS REFERENCE TO THE REQUEST OF GENERAL FOODS CORPORATION FOR THE APPROVAL OF ITS APPLICATION FOR OPIC POLITICAL RISK INSURANCE FOR ITS \$72,649.72 EQUITY INVESTMENT WITH GENERAL FOOD PHILIPPINES, INC.

- IN ACCORDANCE WITH THE AGREEMENTS OF FEBRUARY 19, 1952 AND AUGUST 15, 1956 BETWEEN OUR TWO GOVERNMENTS, WE ARE PLEASED TO INFORM YOU THAT THIS OFFICE APPROVES THE PROJECT FOR THE PURPOSE OF POLITICAL RISK INVESTMENTS INSURANCE PROVIDED THAT THE APPLICABLE CENTRAL BANK POLICIES, RULES AND REGULATIONS ARE COMPLIED WITH. END QUOTE.

2. GENERAL FOODS CORPORATION'S (GFC) EQUITY INVESTMENT CONSISTS OF TWO MACHINES, A RECONDITIONED BARTELT FOOD
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PACKAGING MACHINE VALUED AT \$65,308 AND A NEW SWECO SUGAR SEPARATOR, WORTH \$7,342. THIS ADDITIONAL CAPITAL, AUGMENTS ORIGINAL INVESTMENT OF \$279,000.

3. AT PRESENT GFC MANUFACTURING ONLY POWDERED BEVERAGE AND BAKING POWDER IN PHILIPPINES. BARTELT MACHINE USED TO PACKAGE, FILL AND SEAL TANG POWDERED BEVERAGE IN

POUCHES. PRIOR TO INSTALLMENT OF MACHINE TANG HAS BEEN SOLD ONLY IN BOTTLES IN PHILIPPINES. SUGAR SEPARATOR IS USED FOR PROCESSING SUGAR FOR POWDERED MIX.

4. BARTELT MACHINE TRANSFERRED FROM GFC PLANT IN MODESTO, CALIFORNIA AFTER RECONDITIONING. IT IS ALMOST FULLY AUTOMATED REQUIRING ONLY ONE OPERATOR (NOT INCLUDING FILLING OPERATION AND FINAL BOXING OF POUCHES FOR SHIPMENT - REQUIRING ABOUT 9 LABORERS).

5. SWECO MACHINE PURCHASED NEW IN U.S.

6. THIS ADDITIONAL INVESTMENT DOES NOT CONFLICT WITH PHILIPPINE OR AMERICAN ECONOMIC INTERESTS. ON THE PHILIPPINE SIDE, DOMESTIC SUGAR IS CONSUMED, A MARKET GEARED TOWARDS PURCHASES IN SMALL QUANTITIES IS SERVED BY INTRODUCTION OF POUCHES, AND EMPLOYMENT, THOUGH LIMITED, IS GENERATED. ALSO THE GFC PRODUCT WHICH CONTAINS VITAMIN C, CONTRIBUTES TO PHILIPPINE NUTRITIONAL STANDARDS. TRANSFER OF MACHINERY FROM U.S. DID NOT DISPLACE U.S. IMPORTS (NO POUCHES WERE PREVIOUSLY IMPORTED, AND ALL TANG CONSUMED LOCALLY IS PRODUCED HERE) AND BECAUSE OF AUTOMATED NATURE, DID NOT RESULT IN SIGNIFICANT REDUCTIONS IN EMPLOYMENT IN U.S.

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7. EMBASSY RECOMMENDS APPROVAL OF OPIC POLITICAL RISK INSURANCE FOR GFC INVESTMENT. FGA BEING POUCHED. TOUSSAINT

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